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TO RUEHC/SECSTATE WASHDC PRIORITY 9004
INFO RUEATRS/DEPT OF TREASURY WASHDC PRIORITY

C O N F I D E N T I A L ATHENS 000918

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DEPARTMENT ALSO FOR NEA/IR (SEAN MISKO)
TREASURY DEPARTMENT ALSO FOR ISN (JENNIFER CHALMERS) AND
TFFC (RACHEL LOEFFLER)

E.O. 12958: DECL: 05/06/2017

TAGS: [EFIN](#) [GR](#)

SUBJECT: BANK SEPAH: FURTHER DETAILS ON FREEZE FROM BANK OF
GREECE

REF: (A) ATHENS 687 (B) SECSTATE 60238

Classified By: DCM TOM COUNTRYMAN FOR REASONS 1.4 (B,D)

[1](#)1. (C/NF) Bank of Greece Director of Supervision Kyriacopoulos outlined to Economic Counselor on May 7 the steps the BoG had taken regarding the freezing of Bank Sepah funds. Upon receiving information relating to Sepah from the Embassy, he had ordered an on-site inspection of Bank Saderat on March 9 to examine fully that institution's books. He had simultaneously sent out circulars to all Greek banks outlining the provisions of UNSCR 1747. Upon completion of the BoG's Saderat inspection, he had advised Director General Yiannis Sidiropoulos of the Finance Ministry of the BOG's findings.

[1](#)2. (C/NF) Kyriacopoulos said that he had spoken with the Manager of Bank Saderat's Athens branch to make certain he understood the seriousness of the BOG's instructions that 1747 be fully implemented. Saderat's Athens Branch, according to Kyriacopoulos, complied and canceled over 8.5 million Euros in trade financing arrangements, which had not yet been finalized, involving Sepah. Saderat Athens, whose active relationship with Sepah had focused solely on trade finance, informed Sepah it would issue no more letters of credit involving Sepah until it received further information from the Bank of Greece. Kyriacopoulos said, as a result of the blanket circular, Eurobank had informed him that the Eurobank Group had canceled all transactions worldwide involving either Sepah or Saderat. He had not yet received corresponding information from other Greek banks.

[1](#)3. (C/NF) Kyriacopoulos said that the Greek Government continued to freeze Bank Sepah's correspondent bank account at Saderat's Athens Branch, which totaled 1,343 Euro, a level that had not changed since 2001.

[1](#)4. (C/NF) Kyriacopoulos shared corrected information about the largest Saderat/Sepah transactions, which he had first outlined in his March 30 conversation with Economic Counselor outlined in ref a.

[1](#)A. Canceled Transactions

The Iranian institution Ghaed Bassir Petrochemical Industries had contracted with the Jersey, UK firm Petrochemical Commercial Company Incorporate to purchase 5,796,000 Euros of "Styrene Monomer". This transaction had been canceled and the goods had not been exported.

The Iranian institution Iran Roll Company had contracted with the Italian firm Cerrutti for the purchase of a 1,650,000

Euro Cerrutti printing press. This transaction had been canceled and the goods had not been exported.

Other canceled transactions covered a number of other goods, including erythromycin base.

1B. Finalized Transactions

Kyriacopoulos provided additional information on approximately five million Euros in completed transactions covered by irrevocable LOCs issued by Bank Saderat's Athens branch which had gone forward. These included approximately 2,000,000 Euros of raw cane sugar exported by the UK's Balli Trading Company, Ltd. and sold to Seyed Mohsen Tabatabati of Iran. Kyriacopoulos noted that Greek goods covered by the LOC's issued by Bank Saderat's Athens branch had been minimal, covering a total of 30,000 Euro in peaches exported to Iran by the Pavlides Company and in plastic goods sold by the Greek firm Creta Plastics.

15. (C/NF) Kyriacopoulos said that the Bank of Greece had no evidence of asset flight from Bank Sepah around the time of the passage of UNSCR 1747 or since.
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